THE EFFECTS OF COMPENSATION ON EMPLOYEE PRODUCTIVITY

A CASE STUDY OF KENYA LITERATURE BUREAU, SOUTH C NAIROBI

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A RESEARCH PROPOSAL SUBMITTED FOR EXAMINATION TO THE SCHOOL OF MANAGEMENT AND LEADERSHIP IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF BACHELORS IN MANAGEMENT AND LEADERSHIP OF THE MANAGEMENT UNIVERSITY OF AFRICA.

SEPTEMBER 2017
DECLARATION
Declaration by the Student.

This proposal is my original work and has not been presented for a degree in any other University.

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Signature……………………………… Date ………………………………

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BML/11/00371/2/2015.

Declaration by the Supervisor.

This research proposal has been submitted for examination as The Management University of Africa supervisor.

Signature………………………… Date………………………………

Mr. David Kanyanjua.
DEDICATION
This project is dedicated to my loving Parents Dr.Peter Nyawa Mangale and Mrs Josephine Mwaka Mshenga, my aunt Prof.Patience Mshenga and my friend Joseph Mutinda and Kalabatan john who have been my great source of inspiration during my research period. They have been a source of valuable advice and financial support.

I am very grateful for this kind of support and dedicate this to them
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My special thanks go to my parents Peter NyawaMangale and Josephine Mshenga who were a source of both material and emotional support. My aunt Patience Mshenga cannot be forgotten for her encouragement and love for education. Also my special thanks go to The Management University for guiding me and providing me with all the necessary materials for writing this report.

I am grateful for the people who directly or indirectly contributed to the completion of this work. My sincere thanks go to my supervisor, Mr David Kanyanjua for guiding me giving me the much needed advice and support in conducting this study. I would also like to thank all my colleagues especially Joseph and Kalabatan for their encouragement and assistance. I also wish to thank all respondents who availed me the data used in this report.

A big thank you to all.
ABSTRACT
This study seeks to explore the effects of compensation on employee productivity with specific focus on Kenya Literature Bureau. The problem that the research seeks to address is the limited study done on how compensation affects the productivity of employees. The objective will be to investigate the effects of Compensation on employee Productivity, in Kenya Literature Bureau in Nairobi. The specific Objectives of the study will be: to evaluate the effects of direct financial compensation on employee productivity at KLB Nairobi, to determine the effects of indirect compensation on employee productivity at KLB Nairobi, to examine the effects of Non-financial compensation on employee productivity at KLB Nairobi. The findings of this study will assist KLB (South C) and other branches countrywide to formulate acceptable and better compensation strategies in order to enhance and increase employee motivation and uplifting their morale and have a positive attitude towards work hence high productivity which results to a high competitive advantage. The study will adopt a descriptive research design that will enable the use of questionnaires as research instruments. The target population consisted of one fifty (150) employees of Kenya Literature Bureau South c Nairobi. These will include management staff, support staff and subordinate staff in the establishment. Stratified proportionate random sampling was used to obtain a sample size of 45 respondents. The data will be analyzed using the qualitatively and quantitatively through the use of SPSS and then put on tables and figures. The research questions will be answered from the data analyzed where conclusion will be made and then recommendations. Data will be presented using pie charts, tables, graphs and figures.
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LIST OF ABBREVIATIONS

M U A - Management University of Africa
KLB - Kenya Literature Bureau
ISO - International Organization for Standardization
NRB - Nairobi
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OPERATIONAL DEFINATION OF TERMS

**Compensation**: is the human resources management function that deals with every type of reward individuals receive in exchange for performing organizational tasks.

**Productivity** - is output of goods and services per unit of input of resources used in a production process.

**Benefits** - indirect financial compensation or services are called benefits.

**Indirect financial compensation** - rewards and services, other than wages and salaries.

**Direct financial compensations** - it consists of pay employees receive in the form of wages, salaries bonuses or commissions.

**Training** - Is the procedure of equipping workforces through the necessary abilities to improve their productivity in their current position as well as prepare them for potential future assignments.
CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter will include introduction to the topic under study. It will therefore aim at providing the necessary information to facilitate an easy understanding of what the study attempts to solve. To achieve this, the chapter is divided into; background of the study, statement of the problem, objectives of the study, research questions, significance of the study and finally the scope of the study.

1.1 Background of study

Farrel and Rusbolt (2011) found that turning into a proficient pioneer is one among the biggest impediments for numerous Business people all inclusive. Reliable with them, keeping staff driven and dependable and true may be eminently extreme all through the stages of a startup. Eisenberger, Fasolo and Davis (2010), argued that those staff Joined together Countries office sense that they are concerned for by their organization and directors not exclusively have advanced levels of engagement, in any case that they're a part of mindful with respect to their obligations, have greater inclusion inside the organization, and zone unit a part of inventive and beneficial. They steered that bosses and establishments should reward and back up their staff for the job that they are doing as a result of this perceived support permits for a lot of faith and job contentment within the organization. These interpretations results to the fore the connectedness of worker inspiration in making certain output. (McCollum, 2011).
Its relate degree indisputable truth that efficiency of a company relies upon the fulfillment level of its job drive and indeed a parcel of, on the emolument of specialists (McCollum, J. S., 2011). As a result there has been a great intrigued inside the evaluation of stipend factors of laborer as they influence efficiency.

Steady with Perry (2007) the thought of recompense has pulled in sizable consideration over later a long time and has gotten to be a essential goal of human asset administration. He demonstrated that Human Asset Administration arrangements zone unit right now being planned to expand structure integration, laborer commitment, adaptability and quality of labor. Meyer and Smith (2007) found out that remuneration and specialist fulfillment drive efficiency, by implication making benefit for a company. To them, these are stipulations for employee’s maintenance.

They conjointly found out that organizations with higher specialists maintenance rates range unit actually higher at holding data, which may result in higher execution and benefit for the business. Steady with Meyer and Smith (2007), remuneration factors improve laborer fulfillment, cut back the esteem of workers turnover, construct entirety devotion with specialists relate decreed position the corporate as a pioneer of choice that draws capable persons to the establishment. It’s common information that nearly all workers disturb for higher situations of benefit, while bosses grumble of little efficiency.

Workers range unit interminably on the post for promotions on what they depict as higher occupations. These laborers range unit able to take off their occupations for distinctive employments. Others utilize their blessing employments to create the required abilities and information, a request for numerous employments. Managers conjointly put in numerous locks in conditions of benefit and check out to make solid work environments in an endeavor to realize
the commitment of specialists. (McCollum, 2011). It is relate degree undeniable reality that efficiency of a company depends upon the fulfillment level of its work drive and indeed a part of, on the stipend of laborers (McCollum, 2011).

As an outcome there has been a countless concern inside evaluation of remuneration factors of specialist as they influence on productivity. Reliable with Perry (2007) the thought of recompense has pulled in sizable consideration over later a long time and has gotten to be a vital goal of human asset administration. He demonstrated that Human Asset Administration approaches region unit at the moment are planned to maximize structure integration, laborer commitment, adaptability and labor quality.

Meyer and Smith (2007) found out that remuneration and laborer fulfillment drive efficiency, by implication making benefit for a company. To them, these are stipulations for employee’s maintenance. They conjointly found out that organizations with higher laborers maintenance rates region unit actually higher at holding data, which may result in higher execution and benefit for the business. Reliable with Meyer and Smith (2007), recompense factors progress worker fulfillment, cut back the esteem of workers turnover, and construct entirety devotion with laborers relate degreed position the corporate as a pioneer of determination that draws capable people to the organization.

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conjointly put in numerous locks in conditions of benefit and check out to make solid job situations in an endeavor to realize the engagement of specialists. (Greenberg, 2005).

1.1.1 Background of Kenya Literature Bureau

Kenya Literature Bureau emerged from East African Literature Bureau that was formed in 1947 by the British High Court. It then proceeded to be a subdivision in the Education Ministry in 1977 during the time where the East African Community wound up; and a government body in 1980 by an act of government, (K.L.B, 2015).

Kenya Literature Bureau is a national publisher whose major concern is to establish superior studying materials at a pocket friendly price promote local authors and maintain stockholder value. K.L.B has published more than 800 book titles in various subjects for the local and intercontinental markets and nearly all of their published books are accepted by the Education ministry.

K.L.B dedicated to unbeatable client service, clearness and answerability, unrestricted policy and morals. It identifies each person’s input to the victory of the organization.

It is composed of high qualified and knowledgeable staffs that practice up-to-date expertise in publishing, manufacture and publicizing sections. The Organization has lately invented a Customer Care Centre on Kijabe Street; and one can now easily access its services in the web hence fostering service delivery. (K.L.B, 2015).
1.2 Problem statement

While remuneration is apparently one in each of the key drivers of Productivity and one in each of the first considered zones, questions are strong by atomic physicist, (1957) and Armstrong (2008) on the viability of remuneration. They contended that, though need of it causes discontent, its arrangement doesn't lead to enduring inspiration. The results of remuneration on efficiency change from organization to organization Most of the individuals are affected by cash a least of for his or her fundamental wants and needs (DeNisi and Griffins, 2008). Laborer productivity through stipend is in numerous shapes together with pay raises, execution rewards, commissions, share and distinctive assist preferences like excursions, cars and distinctive substantial things that are utilized as rewards (Campbell, 2007).

This remuneration framework is classified as either direct monetary payment or indirect financial disbursements (Dessler, 2004). Nelson and Spitzer (2003) says that in recent job air, there's extra alteration and vulnerability, there's hyperbolic would like for authorized specialists, there's decay in antiquated motivating forces, there's rise of nontraditional motivating forces and there's hyperbolic utilize of variable stipend

Studies have conjointly shown that recompense packages and also the ways of administration have an effect on worker productivity, (Bowen, 2000). Scholars have centered on contentment, gratitude, thankfulness and job surroundings as worker stimulators in several organizations (Kosgei, 2011). But none has researched on worker compensation at Kenya Literature Bureau. It’s not very clear what ways were wont to confirm worker compensation, what direct and indirect monetary packages were offered at K.L.B and their outcomes on worker productivity, the non-financial advantages offered and their impact on worker productivity and last the full
rewards and their impact on worker productivity. This study can sought-after to handle the breach by enquiring on the impact of reimbursement on worker productivity at Kenya Literature Bureau.

1.3 Objectives of the study

The general objective will be to establish the effects of compensation on employee productivity at Kenya Literature Bureau in Nairobi.

1.3.1 Specific Objectives

i. To examine the effects of direct financial compensation on employee productivity at K.L.B Nairobi.

ii. To assess the effects of indirect financial compensation on employee productivity at K.L.B Nairobi.

iii. To establish the effects of non-financial compensation on employee productivity at K.L.B Nairobi.

iv. To establish the effects of total reward at K.L.B Nairobi.

1.3.2 Research Questions

i. What is the effect of direct compensation on employee productivity at K.L.B Nairobi?

ii. What is the effect of indirect compensation on employee productivity at Kenya Literature Bureau?

iii. What is the effect of non-financial compensation on employee productivity at Kenya Literature Bureau?

iv. How does total reward affect employee productivity at Kenya literature Bureau?
1.5 Justification

1.5.1 The management of Kenya Literature Bureau

The findings of this study will assist K.L.B Nairobi and other branches countrywide to formulate better and acceptable compensation strategies in order to enhance an affirmative outlook among employees and motivate them toward doing their work hence a better service quality and a high productivity.

1.5.2 Other Researchers

This study will be of significance to other researchers by assisting them have a better understanding of the subject under study for relevant resources in the future. This can be done through identification of gaps in knowledge and offer recommendations for further studies.

1.6 Scope of the study

The study will explore the effects of compensation on employee productivity, a case study of Kenya Literature Bureau located at South C in Nairobi. The population targeted will be 150 employees that will include the Management Staff, Support Staff and the Subordinate Staff. The duration of the study will be from July to September 2017.

1.7 Chapter Summary

The chapter will lay the study background from which the research problem is determined and set precedence in coming up with the research objectives and research questions. The reasons as to why the study is being done and the scope it will cover are also done. The factors that will make the research study challenging are also identified in this chapter.
CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter will present an analysis of literature related to this topic under study. It will focus on the variables discussed in the earlier chapter. The chapter therefore aims to provide the researcher with a clearer perspective of the study area, from the point of view of other researchers as well as scholars. The researcher aims to develop an understanding of the gaps that exist in the study area with the main aim of trying to cover those that fall within the scope of this study. To achieve all these, the chapter covers the following: theoretical review, critical review, conceptual frame work and summary.

2.1 Theoretical Literature Review

This is focused on the relevant theories that the study is premised on that helps in informing the finding of the study.

2.1.1 The Reinforcement Theory

Behaviorist B.F. Skinner, (1953) determined the reinforcement hypothesis, one in each of the most seasoned theories of motivation, as how to explain laborer behavior and why we have a propensity to do what we have a tendency to do. The theory is moreover alluded to as behaviorism, or conditioning. The theory states that "an individual’s behavior could be an introduce of its results" (Administration Consider Direct, 2013) Reinforcement theory outlines that a reaction taken after by a gift is extra possible to be futuristic and repeat itself (Thorndike's Law of Impact). The suggestion for remuneration administration states that the top laborer
execution followed by money related remunerate can make future high execution extra probably. By an equivalent token, high enactment not taken after by a gift can make it less likely inside the future. The theory emphasizes the significance of an individual really encountering the remunerate.

### 2.1.2 Expectancy Theory

Unlike reinforcement theory, expectancy theory (Vroom, 2014) centers on the connect amongst recompenses and deeds (instrumentally sensitivities), in spite of the fact that it highlights anticipated (rather than skilled) recompenses (i.e., enticements). Inspiration is moreover a work of other two variables: hope, the alleged interface between exertion and execution, and valence, the anticipated esteem of results (e.g., recompenses). Compensation frameworks vary concurring to their influence on these motivational mechanisms. In general talking, pay frameworks vary furthermore in their effect on instrumentally: the seen interface between behaviors and pay too alluded to in the pay writing as "line of prospect." Valence of reimbursement results ought to stay the same beneath distinctive pay frameworks. Anticipation perceptions frequently have more to do with work plan and preparing than pay frameworks.

### 2.1.3 Equity theory

Equity theory recommends that laborer discernments of their contributions towards the organization, what they get correspondingly, and the way their come-commitment quantitative connection compares to others in and also out of the organization,' confirm in any case honest they get it their business relationship to be (Adams, 1963). Recognitions of imbalance region unit anticipated to cause staff to require activities to revive value. Tragically, a few such activities (e.g., stopping or need of participation) might not be valuable to the organization. Equity theory
centers on 2 sides: the input and hence the result. Associate degree worker compares their job’s inputs with associate degree outcomes quantitative relation. If the worker perceives difference, he or she he can act to correct the inequity. The worker could lower productivity or cut back the standard of their job. Persistently inequities will cause a rise in absence and even resignation of a corporation (Greenberg, 2005).

Polyglot (2010) examined however a corporation addressed the issue of pay cuts to its staff and hence the effects on high embezzlement rates and perceived equity. 2 organizational units got V-day panoptic pay cuts. A 3rd unit did not receive a salary cut and served as an effect cluster. The clarifications for the pay cuts were being addressed in a few ways that to the 2 pay-cut groups. Inside the "satisfactory clarification" pay-cut cluster, administration given an enormous degree of information to illustrate its reasons for the compensation cut, and conjointly communicated imperative penitence. In qualification, the "insufficient clarification" cluster got plenteous less information and no sign of compunction. The management cluster received no salary cut (and so no explanation).

The crowd in control and the two pay-cut individuals began with same thievery degrees and equity opinions. Later after the pay cut, the thievery rate was 54% higher in the acceptable explanation cluster than in the control group. Though, in the "inadequate clarification" condition, the embezzlement rate was 141% compared to the control group. In that circumstance, communication had an enormous, self-regulating consequence on workers' outlooks and also conducts.

Cowherd and Levine (2012) used an illustration of 102 trade units in forty one firms to look at whether or not the measurements of the pay difference amid the lowest level workers and high administration had any effect on the item quality. Cowboy and Levine guide that laborers
regularly compare their pay to those of higher places inside the organization composition. In case the subordinate specialists feel disproportionately handled, they'll get to cut back their effort to realize value. Quality, in their study, was sketched out as client recognitions of the standard of goods and services.

They also theorized that further role, or residency actions, like openly giving to help other people, following the spirit instead of letter of rules, and adjusting some of the errors that will usually discharge notice, would be minimal surely once pay differences amid hourly and high social control laborers were enormous. Their results backed up this theory, proposing that organizations got to be extra careful that they not disregard the potential antagonistic mental highlight results of government get the inspiration of diverse workers.

2.2 Empirical Literature Review

2.2.1 Employee productivity

Millea (2012) reports observational prove around the bi-directional connection amid employee’s benefits and productivity, in specific putting in the nature of the benefits setting prepare in various nations. The experimental proof of this paper as well as that of a more detailed study for Germany (Millea, 2006) may be understood in the light of value reimbursement, i.e. clarifying competence as resulting from specific stipend levels, for given features of the work advertise for example the add up to level of redundancy.

Karanja (2005), carried out a research on the impact of training on personnel enactment and initiated out that preparing is contributing on individuals to empower them perform way better and enable them to make the leading utilize of their natural talents. He proceeded expressing that
the influence of organizing on personnel is critical in administration which when appropriately executed could lead to worker efficiency.

Kamau (2006), on the impacts of degree of training on employee Productivity wrote that superiority of employees plus their advancement through training and education is one major components in deciding lengthy term productivity of establishments. For an organization to recruit and keep great workforces, it is good approach to contribute in the improvement of their abilities so that they can increase their abilities so that they can increase productivity. Training should cover both new and existing workers to offer assistance alter to quickly changing work necessities.

Mkawale (2008), carried out a research on the impacts of worker training on group enactment in an organization established the preparing is exceptionally much important, it closes up being checked as an resource Or maybe than an obligation in spite of downsides it may have. Training improves organization profitability, reduces its costs, increases commitment and inspiration of workers subsequently realizing their possibilities.

Remuneration mechanisms can stand to be a capable motivating force in connecting execution to rewards. Recompense frameworks that remunerate individuals forthrightly based on how well they perform their employments are known as pay-for-performance plans (Berger, 2009). These could yield such shapes as “commission plans” utilized for deals work force, “piece-rate systems” utilized for production line laborers and field hands, and “incentive stock choice (ISO) plans” for executives (Dunn, Mercer, Carpenter, & Wyman, 2010) and other representatives (Bread cook, 2012). However, rewards connected to execution require not be money related. Typical and verbal shapes of acknowledgment for great execution can be exceptionally successful as well (Markham, Dow, &McKee, 2012).
2.2.2 Direct financial compensation and employee productivity

Direct monetary stipend could be a reward / punishment is named the incomes or wages square measure paid regularly by the due date fastened. In line with the understanding that, wages or pay rates taken also as a installment inside the sort of cash in money or in a comparable way gotten by specialists of the usage work, (Baker, 2012). One purpose of someone as Associate in Nursing laborer of an organization is to gain budgetary pick up inside the sort of compensation or remuneration. Gotten compensation to fulfill essential needs like nourishment, wear and lodging. Each company in significant to the number of compensation paid to the laborer ought to be conceivable, so rock bottom wage that's given to fulfill the prerequisites of their life (Kanzunnudin, 2007). A few financial specialists opine concerning the means of wages.

Implicit contract show briefly illustrated that the compensation of professionals in a company is decided by the contract between the boss and the union. This implies that in the nearness of solid unions, wage rates cannot be effectively changed as in a superbly competitive showcase. Coming about in compensation unbending nature and particularly compensation will be amazingly difficult to diminish on the off chance that there is stagnation.

Insider-outsider models consider that the markets for products and labor markets are blemished. In the labor advertise there is a union and a generally constrained number of undertakings, the wage rate is decided from the collective contract assertions between unions and managers. Union members called insider and who are not in a union called the outsider. Compensation determination with the contract likely to be higher than was the case in a superbly competitive showcase.

Wage flexibility is the primary subject of the economy, are generally found in the literature related to the provision of motivating forces given by the company. A number of theoretical
models have created a clarification of how the company ought to plan compensation plans to energize employees to work for the benefit of the corporation. The decision is put a few exertion into their work to maximize corporate profits (Prendergast, 2009).

Wages become an imperative feature of being compelling if connected to the execution significantly (Umar, 2012). Giving wages recompense is the most difficult errand for the industry, is too the most significant viewpoints for laborers, because of the sum of wages reflects the estimate of the value of their work among the specialists themselves, their families and communities. Wages are exceptionally imperative for the industry since it reflects the industry’s endeavors to guard human assets in order to have a high devotion and commitment to the industry.

Effective wages technique is anticipated to contribute to maintaining the practicality of the work constrain, the realization of the vision and mission, as well as for the accomplishment of work objectives (Umar, 2012).

Shields (2007) sights basic recompense as a vital portion of overall pay that is immovable and primarily time-bound, other than performance-based. Fundamental reimbursement is the biggest portion of the add up to pay for subordinate staffs. It too acts as a yardstick for other currency motivating forces such as revenue sharing, which is communicated as a rate of essential pay. Essential pay makes a difference to draw in and hold representatives. Representatives utilize essential pay to compare their work offers instep of utilizing inborn recompenses and other rewards not captured in the formal organizational system up to counting work security. In a competitive market, organizations pay over the showcase rates to hold their employees.
2.2.3 Indirect financial compensation and employee productivity

The primary effect of fringe benefit is to retain the employee in the organization. The practical operational value to the employing organization include maintenance of workforce in competition with the organizations, preservation of some degree of labor management peace in collective bargaining arrangements and maintenance of acceptable levels of general morale. It will produce varying values e.g. paid vacation is presumed to provide a mental and physical respite that generates increased interest and activities on the job. Life insurance reduces worry about one’s family security and thus leads to greater concentration upon work. Company cafeterias promote the eating of balanced meals thus reducing fatigue in the late afternoon. Medical services help to keep the employees in good health therefore reducing absenteeism. The returns of employee benefits to the company can take various forms, these includes; More effective recruitment, improved morale and loyalty, good public relations, reduced influence of unions and reduced threat of further government intervention (Flippo, 2014). The dollar return from employees benefits is almost impossible to measure. Worker benefits and motivating forces propel workers to endeavor for a higher level of productivity. It enables the organizations to attract and retain competent career personnel and it encourages all employees to work enthusiastically towards the efficient and effective achievement of organizational goals (Okumbe, 2011).

Benefits should be viewed as an investment on the part of the employer. Soft returns delivered by an effective benefits program incorporate reputation, a sense of meeting commitments and goodwill. Difficult returns, which tend to have a more quantifiable impact on a company’s bottom line, incorporate worker attraction, retention and efficiency (Leopold, 2010). Offering more flexible work arrangements has been helpful for retaining best female employees. Other
firms may need to find other ways to reduce voluntary turnover (Susan & Schuler, 2010). Sabbaticals are benefits that some companies offer to prevent employee burnout. Numerous businesses are starting to offer vacation advantage to hold skilled workers. Workers are permitted time off to rejuvenate; and the manager spares cash by holding ability rather than investing funds to supplant workers who end up quitting the organization (Knudson, 2006).

### 2.2.4 Non-financial compensation and employee productivity

The non-financial rewards incorporate job design, the working atmosphere, career improvement, training, cooperation and also acknowledgment. Work plan points are usually focused at improving worker fulfillment and finishing organizational goals and objectives by planning the content, strategies and association of jobs, according to the preference and capacities of various employees. The job design can demonstrate a very good role in encouraging the worker by planning the tasks in a manner that are curiously and challenging as well. A systematically planned work can increase the worker morale and motivation by making monotony and work redundancy less. (Georg & Rastogi, 2007). The perceived work requests, job control and social support through work design eventually leads to more efficiency. Work plan might be continued by adequately executing the Human Resource involvements like revolution of work, work improvement and extension of work. These intercessions are supportive in relation to making a job more challenging with changing the work hence uplifting the workers stimulation and enactment. Alternatively, adaptable work plans, work delegation and working from home moreover encourage the worker and are supportive in their day to day existence in the organization. The adaptable work plan permits the worker to decide when to arrive and also what time to leave and to perform their duties amid the core time. In work sharing, two workers can share their obligations on one work and working from home propels the worker by encouraging
them to work two to three days a week while at the comfort of their homes, (Bohlander & Snell, 2014).

A superior working environment points up to expanded worker belongingness, engagement commitment and execution. It uplifts the worker inspiration and hence fosters efficiency. A working atmosphere where workers feel that they are in charge and they have reasons for doing work and get pleasure from doing their work propels the worker. In working atmospheres where representatives aren’t given with satisfactory assets, tools, training, programs and supplies lead dissatisfaction hence less efficiency.

The wasteful working environments which include well-being issues like impoverished ventilation, seating, lighting and commotion may cause discomfort and lessen the yield, Hughes, (2007). A working environment with no protection and communication boundaries decreases motivation and efficiency. A solid work put which is made by utilizing ergonomic furniture and accessories, lightning and useful plan will decrease trouble and progress generation. Lack of praise, acknowledgment and advancements in the working atmosphere influence the inspiration of workers. The nearness of violent and destructive workers moreover impacts the employee’s relationship with other colleagues negatively. As a result, the non-appearance rate increments and they are less likely to continue with the work, Roeloelofsen, (2012). Relationship with other colleagues, rise to openings for advancements, obligation and independence are too components of a working atmosphere that can influence inspiration of employees. Administration ought to move forward working circumstances in arrange to increase efficiency hence propelling the employees. Since workers arent robots so the work environment ought to have an exercise center and lounge for the prosperity of workers.
The lack of career development openings influences inspiration and performance. In the event that workers are given openings for creating their careers by adjusting abilities, innovations and competencies fundamental for performance improvement and advancement, they usually feel esteemed and persuaded. Inspiration is a forward-looking behavior. Agreeing to this idea, workers can be impelled in the event that their desires concerning the objective achievement are connected with the particular activities on the portion of administration. Consequently, employee inspiration will increment with the realizing that the progress of activity will not as it were lead to achievement of objectives but comes about in more noteworthy probabilities for their advancements. The arrangement of openings for training and development of establishments can persuade workers, Armstrong, (2011). Organizations usually put more emphasis on creating their representatives and improving their motivational viewpoints like self-esteem and self-actualization. Hence, they can attain the most favorable performance and hence achieve set up goals.

Equal prospects for career progression and “reasonable” payment framework and preparing may increment the inspiration of employees. There is a good relationship between training and employee execution, (Whitney& Cooper, 2009). The expectation of forthcoming budgetary benefits, promotions and acknowledgment spurs the worker to adjust to modern aptitudes and innovation at the training program that begins with a needs evaluation and at that point irregularity between real and standard execution of trainee is analyzed. Afterward on, preparing targets are made. After deciding who needs the training and what type of training ought to be administered, the training package is actualized. The final step of the handle is to assess the adequacy of training programs. Training impacts a positive effect on the worker execution.
Concurring to Naveed, (2012), acknowledgment and recompenses usually contain coordinate effect on inspiration of workers and increment to their productivity. Acknowledgment alludes to the common affirmation or authorization of a specified event or execution (Petresca and Simon, 2008). According to Harrison (2005), worker acknowledgment is understood as a timely, educated or official affirmation of a characters behavior and exertion that specifically underpins the accomplishment and organizational objectives and values and ordinarily has been past typical desire levels. It is hence an employee’s acknowledgement of an employee’s achievement and exertion towards the establishment’s objectives. It concludes the act of giving uncommon consideration to employee’s activities, endeavors behavior or execution which can moreover be physically or mentally or both. It is really one way of managing with the representative sentiments. Worker acknowledgment is one of the methods of persuading staff in a business, making them feel esteemed and in general stimulation of worker retention

Not all workers are spurred to execute past the basic least with financial motivating forces by themselves Nolan, (2012). It is hence mandatory on establishments to supply significant grants on value as a shape of worker acknowledgment. Agreeing to Keller, (2009) non-monetary rewards can be very encouraging making a difference to set up certainty sentiments and fulfillment on portion of the worker. Observational studies appear that workers who get acknowledgment at their place of work result in higher self-esteem, self-confidence and also an actuated feeling and eagerness to take up new challenges while grasping developments (Allen &Kilmann, 2011). Workers who sense acknowledgement frequently go over and past the organizational desires and are probable to remain in the organization Welsh , (2012). Such workers gotten to be positive approximately themselves and as a result of their positive self-esteem, they end up getting to be the most excellent and dependable workers in the organization.
This further deciphers into more prominent performance requiring negligible supervision. A few organizations utilize acknowledgment to spur individual execution while others utilize it to upgrade in general organizational performance. Organizations can offer employee acknowledgment in different ways extending from the arrangements of gifts cards, certificates, shopping vouchers, ‘thank you’, commend suppers, trophies, career progression opportunities, training's, appreciating thoughts and regard where it merits, Nolan, (2012). Establishments have indeed formulated acknowledgment programs such as ‘employee of the month year plans and long service awards.’ Studies show that failing to incorporate acknowledgment as a component of stipend is a common event in most organizations Ndetei, (2009). Acknowledgment is in any case the slightest costly Corby, (2005) and however it evokes more benefits from workers.)

2.2.5 Total Reward and employee productivity

The point of total remunerate is to expand the mutual influence of an enormous shift of remuneration parts on inspiration, commitment and work engagement. Subsequently, add up to compensate grasps everything that employee’s worth inside the business relationship. In keeping with O’Neal (2008), a total compensate methodology is crucial to explaining and outlining the issues made by achievement and maintenance since it makes a piece expertise that meets the prerequisites of specialists and energizes them to exhaust extra effort. The significance of total reward is making a troublesome work climate amid which individual’s square measure ready to utilize their aptitudes to attempt and do significant jobs that they're shown appreciation is likely going to be an extra bound much appreciated to upgrade inspiration (Pfeffer, 2008)

Concurring to Armstrong (2006), the advantages of a total reward approach exemplify a joint impact of various sorts of rewards makes a more profound and enduring effect on the inspiration and worker engagement. Moreover, the utilization connection made by a total remunerate
approach makes the most use of relative additionally as value-based rewards and hence allure extra to laborers. Other than, a framework of total rewards grants adaptability to fulfill person needs as relative rewards ties specialists extra effectively to the organization as a result, they reply those uncommon person needs. Relative rewards conjointly convey a positive mental contract and this will work a human within the achievement market that is distant harder to copy than person recompense practices.

Hutcheson (2007) conjointly came to an agreement that organizations that does total reward methodology square degree prepared to set up a specific set of rewards to back the establishment’s business entirety and permits the institution to draw in and hold qualified work force. In keeping with him, it gives a guide for the time unit work to audit and enhance the whole rewards offerings and conjointly gives a straightforward and steady communication device to incite workers of the total cluster of rewards. Creating and actualizing add up to remunerate technique may be a crucial structure intervention that needs prime administration support. It’s vital for prime administration to create strong connection among the organization and workers to meet the persistent dynamical needs of each party since the workers square degree seen as vital supply of the organization’s competitive advantage. Administration should to acknowledge the increasingly fundamental part of remunerate programs in achieving trade objective; hence ensuring that organizations provide the correct sum and combination of rewards to the adjust people, at the accurate duration of time, and for the adjust clear reasons.

Managers are moreover expected to deliver esteemed rewards, evidently linked to the indicated behaviors and seen as honest and reasonable (Mullins, 2010). Prime supervisors shouldn't exclusively verbally advocate the procedure or basically mirror the compensate frameworks of elective organizations in any case they must attempt to encourage the rectify blend of financial
and non-financial recompenses to inspire their constrain towards accomplishing their vital objectives. As Morris (2006) places it, administration ought to purposely deliver a bespoke total reward technique to comprehensively deliver a program that most closely fits their particular human capital and trade strategies as this separates the organization from competitors. Administration ought to conjointly recognize the exceptionally truth that including laborers inside the style of the whole remunerate methodology increase their acknowledgment and commitment towards successful execution. It’s conjointly terribly imperative for managers to think almost their outside climate and add up to remunerate technique expresses in simple in any case capable terms in any case organizations should to contribute their assets, strengthen their center standards and morals, and construct competitive advantage.

Lawler (2003), an effective compensate technique should be outlined to motivate laborers to perform and gives them the facility to impact their performance. Wilson (2014) on the inverse hand, states that an effective compensate procedure would affect totally on behavior once they square degree critical and important to specialists backed the organization’s destinations and getable objectives, open and should be communicated all or any and not bolstered competitive battles inside the work and adjusted between adscititious and intrinsic rewards. The United Kingdom cabinet work environment (2007) diagrams that in creating an entire remunerate procedure, establishments ought to construct an legitimate understanding of the organization’s technique, objectives, capability to provide and support changes in add up to remunerate take after and key measures of victory. They more set that there ought to be associate degree understanding of what spurs people, in any case they contribute to structure victory, the competences and capabilities required the standards and ethos required to secure tall execution, this time unit methodology, the approach key time unit programs square degree focused on and
the way current add up to rewards square degree seen by laborers. Once these, a collection of
total remunerate programs, arrangements and hones might be created for arranged enactment.
When making a choice that of the various rewards to incorporate inside the total reward
procedure, leaders ought to weigh the qualities and shortcomings of each compensate
furthermore as considering the sort of synergies this will be created by combining these rewards.
Being aware of the rewards inclinations and also the worth of rewards as seen by the force aids
organizations modify the remunerate parts to draw in and hold the required capacity combine
(Morris, 2006).

The UK cupboard Office’s Pay and men Reform Team (2007), created a total Remunerate Model
that organizations particularly open foundations will embrace to be prepared to attract, empower
and hold the foremost conventional and successful men. The Armstrong Total Reward Model on
the opposite hand combines the effect of two major classes of compensate: value-based rewards
and relative rewards. The value-based rewards are noticeable rewards emerging from exchanges
between the pioneer and staff with respect to pay and edges. The relative rewards on the inverse
hand, are insubstantial rewards included with learning and improvement and work ability. In
keeping with Armstrong (2006), pay and benefits; represent value-based rewards that are cash
and alien in nature and are fundamental to recruit and hold workers in any case will basically be
followed by competitors. Alternately, relative rewards are non-financial and improve the worth of
value-based rewards

According to Thompson (2012), scholastic degree investigation of the different total reward
models appears that almost of those models have certain common features as an case, all of them
show up to be holistic in nature. That is, they appear to shake the total work esteem suggestion
design scholastic degree cluster of money related and non-financial rewards. These total
compensate models are as a rule modified in such in any case that they are custom-made to suit scholastic degree organization’s claim culture, structure, and work method and trade destinations. Basically put, these models are best match.

They in addition appear to be vital and integrative. This is as a result of these total compensate models bring into line all aspect of rewards to business methodology and are coordinates with totally diverse unit of your time approaches and practices parts of significantly, the different components show up to complement each other though the total remunerate models planned by Thompson (2012), seem parts of people-oriented, hence recognize that workers are the key give of property competitive advantage and target what they esteem interior the utilize connection, they in addition show up custom-made and distinctive. They so set up flexible blend of rewards that gives distinctive and are higher outlined to meet employees' needs. These models utilize different rewards to make a vigorous and competitive pioneer total that serves to distinguish the organization from its competitors. Coordinate financial stipend depicts the remuneration and wages paid to staff for the administrations advertised interior a set sum of your time. There are set measures by unions that guard staff from abuse from bosses and so accomplish the objectives of great remuneration. The literature doesn't capture the ways in which within which the coordinate financial emolument effect on the efficiency of staff.

2.3 Summary and Research Gaps.

Direct monetary compensation depicts the wage and wages paid to staff for the services offered at intervals a set amount of your time. There are units set standards by unions that shield staff from exploitation from employers and therefore attain the goals of tight compensation. The literature doesn't capture the ways in which during which the direct monetary compensation impact on the productivity of staff. Indirect monetary compensation presents the advantages like
leave; insurance and tuition compensation that area unit meant to inspire and retain staff. this could not have fast impact on the productivity of staff however makes staff to range the goals and objectives of the corporate and not the wage and remuneration ones attracts from there. There’s lack of the length such compensation will desire impact on the productivity of staff. The non-financial compensation area unit the rewards that don't seem to be financial like operating atmosphere, training, career development and recognition that are the motivating factors that enhance worker productivity. The studies didn't clearly indicate the however every of the factors guarantee productivity of staff Total remunerate is with respect to amplifying the combined shift of compensate components adapted toward worker inspiration, work engagement and commitment. It’s included with those things that employee’s worth inside the business relationship that's terribly crucial in making a piece skill that energizes staff to fulfill their work wants. The study didn't articulate in any case total reward will relate to elective worker has to encourage their productivity.

2.4 Conceptual Framework

The conceptual framework will include the independent variables which consisted of direct financial compensation, indirect financial compensation, non-financial compensation and also the various compensation packages.

Reichel and Ramey (2007) see conceptual framework as set of thoughts and philosophies gotten from important field of inquiry and utilized to structure consequent presentations. Conceptual system includes forming ideas around relationships between factors in the study and showing these connections graphically or diagrammatically (Mugenda and Mugenda, 2003).
Figure 1: Conceptual Framework

Independent Variables

- Direct Financial Compensation
- Indirect Financial Compensation
- Non-Financial Compensation
- Total rewards

Dependent Variable

- Employee Productivity

Source: Study, 2017
2.5 Operationalization of variables

2.5.1: Direct Financial Compensation

Direct financial compensation is sometimes usually restricted to the direct money advantages that is received by the staff on monthly, bi-monthly or on a weekly basis for what they offer as workers of a given establishment. It might even be within the kind of stock bonus remunerate, wherever workers of the business area unit given the chance to possess shares within the establishment they work for and at the top of each year they need the chance once more to achieve some divided within the kind of equity on their dividends thus once direct monetary compensation is emphasized properly within the organization it will facilitate enhance worker productivity.

2.5.2: Indirect Financial Compensation

Indirect compensation or worker advantages are parts of remuneration given additionally to the assorted styles of money pay. They additionally embrace things that don't seem to be strictly remuneration like annual holidays. Organization uses it mostly to facilitate its enlisting effort or influence the potential of staff returning to figure for an organization, influence their keep or produce larger commitment, uplift employee morale, scale back absence normally and improve worker productivity.

2.5.3: Non-Financial Compensation.

Non-financial compensation encompasses all other ways of compensating employees other than cash for example paid holidays, business trips, recognition, health insurance, flexi times and also
promotions. When these are carefully implemented they can help enhance employee productivity.

2.5.4: Total reward

The aim of total reward is to make the most out of the joint impact of a wide extend of remunerate components on inspiration, commitment and work commitment. Thus, total reward grasps everything that employee’s esteem in the work relationship. Agreeing to O’Neal (1998), a total reward technique is basic to expressing the issues made by enrollment and maintenance as it creates a work involvement that meets employees needs and empowers them to exhaust extra exertion.

2.6 Chapter Summary

This chapter will examine different literatures in relation to effects of compensation on employee productivity on direct financial compensations, indirect financial compensations and Non-financial compensation and total reward and how they impact on productivity. The chapter further presents the scholarly gaps identified, the theory used in the study and a conceptual framework that differentiates the dependent from the independent variables of the study.
CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This includes research design, target population and the sampling procedure. It also dealt with data collection instruments and procedure, validity and reliability of the instruments, data presentation and data analysis techniques.

3.2 Research Design

Research designs refer to the in general plan on how to answer the research question. It alludes to the overall procedure chosen to integrate the different components of the consider in a coherent and systematic way, subsequently, guaranteeing successful address of the research issue. Mugenda and Mugenda (2003), further characterizes research designs as arrangement of conditions for collecting, an analyzing of information in a way aimed at combining important research purpose with the economy if procedure. The research plan that was embraced for this study was descriptive study that determined the impacts of compensation on employee productivity in Kenya Literature Bureau Nairobi. This plan enabled the researcher to use both quantitative and qualitative research strategies in data collection, analysis and interpretation.

3.3 Target Population

This included the individual or group subjects from which the study samples are taken from by the researcher (Mugenda&Mugenda 2003). The target population of the employees in this research will be 150 employees of Kenya Literature Bureau. They will include the Management staff, Support staff and the Subordinate staff. This is represented in the table 3.1:
Table 3.1: Target population

<table>
<thead>
<tr>
<th>Population Category</th>
<th>Target</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Staff</td>
<td>40</td>
<td>26</td>
</tr>
<tr>
<td>Support staff</td>
<td>74</td>
<td>49</td>
</tr>
<tr>
<td>Subordinate Staff</td>
<td>36</td>
<td>25</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>150</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Study, 2017

3.4 Sampling Design

Sampling is the process by which a comparatively lesser number of persons, objects or occasions is highlighted, selected and scrutinized in order to find out something about the whole population from which is selected (Kothari, 2001). A sample represents a small proportion of the targeted population that is selected using systematic forms. The researcher used stratified random sampling method because it enables generalization of a greater population with a margin of error that is statistically determinable. A sample size of 45 will be selected representing 30% of the target population.

Table 3.2: Sample Population

<table>
<thead>
<tr>
<th>Population Category</th>
<th>Target</th>
<th>Sample size (30%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Staff</td>
<td>40</td>
<td>12</td>
</tr>
<tr>
<td>Support Staff</td>
<td>74</td>
<td>22</td>
</tr>
<tr>
<td>Subordinate Staff</td>
<td>36</td>
<td>11</td>
</tr>
</tbody>
</table>
3.5 Data Collection Instrument and Procedures

This study adopted the use of questionnaires as the sole data collection instruments. This is because this instrument can be administered faster than an interview. Consequently, the questionnaires composed of both open and closed ended questions. The closed-ended questions will provide a set of alternative answers for the respondents to pick the one which best fits their judgment. The open-ended questions on the other hand will be accompanied by empty slots that will allow the respondents to fill in their opinions in their own words. The questionnaires therefore will aid in the collection of both qualitative and quantitative data. The researcher also will use self-administration to administer the instruments.

3.6 Pilot Study

This study will pretest the questionnaires to establish their reliability and validity. As such, the test will involve a unit of items drawn from the respective employees of Kenya Literature Bureau who were not involved in the main study so as to avoid bias.

3.6.1 Validity Test

Frankel and Wallen (2006) said that validity relates to the quality attributed to the degree to which they conform to establish knowledge or truth. It refers to the extent to which an instrument can measure, or, ought to have measured. It is the accuracy and meaningfulness which are based on research results, Mugenda and Mugenda (2003).
Concurrent validity refers to a measurement devices capacity to differ straightforwardly with a measure of the same construct or indirectly with a degree of an inverse construct. It permits showing that the test is substantial by comparing it with an already valid test. Content validity is concerned with a tests capacity to incorporate or speak to all of the content of a specific construct. The validity of the instruments will be done by designing the questionnaires and consulting the supervisors of the contents. Adjustments will be made according to the advice of the supervisor.

3.6.2 Reliability test

This study will use the test-re-test method to determine the reliability of the research instruments. This will involve administering the questionnaires to the eight respondents twice in a span of one week. The researcher will then compare the results of the two events to check for any correlation between the responses, (Kumar, 2005). The test/retest method is preferred because it is easier to administer than the internal consistencies method for testing reliability.

3.6 Data Analysis and Procedures

This is the procedure of collecting, modeling and converting raw data with the aim of emphasizing helpful data, signifying, conclusion and supporting the final decion (Kothari, 2001), the purpose of data analysis is to prepare crude data into interpretable design. The data will be analyzed by using quantitative and qualitative techniques. On qualitative technique data was analyzed through explanatory notes while, in quantitative techniques the researcher will use SPSS on tables and figures.
3.7 Ethical Considerations

This study will involve human subjects, thus ethical considerations will be highly considered. Rosenthal (2004) defines ethics in research as the ability of a researcher to report exactly what happened. It involves maintaining honesty and discipline in conducting and reporting scientific research and credit for ideas and efforts.

3.7.1 Confidentiality and Privacy

There will be respecting the privacy of participants by assigning them unique identifier codes to protect their identity and the responses that will be given. The study will generalize the findings, thus information that will not be associated to an individual.

3.7.2 Informed Consent

Participants will be informed and their consent will be sought for the drive of this study. The informed consent will include expected duration of research and right of participants to decline or withdraw during the process.

3.8 Chapter Summary

This chapter discusses the methodology that will be used in this study; it has critically analyzed the research design, target population, the sample design, data collection techniques, validity and reliability test and the application package for data analysis.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.0 Introduction

This chapter focuses on decoding the data collected according to the variables under study. The presentation of data is done in respect to the following sections; demographic information, direct
financial compensation, indirect financial compensation, non-financial compensation and total rewards

4.1. Presentation of research findings

4.1.2 Response Rate
The researcher sort to know the bio data of the participants that would be of importance in determine the quality of information sort for the purpose of the study. Therefore the areas of interest that were explored are; the age of the respondents, their gender, the level of education and then the duration of service that one has rendered at Kenya Literature Bureau.

4.1.3 Gender
The gender of the respondents from the study indicated that there were 28 men and 17 women from the 45 total participants.

Table 4.1.3: Gender of respondents

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>28</td>
<td>62</td>
</tr>
<tr>
<td>Women</td>
<td>17</td>
<td>38</td>
</tr>
<tr>
<td>Total</td>
<td>45</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Study, 2017

From the data recorded it was noted that men were more at 62% and women were less at 17% meaning it was male dominated population.

4.1.4 Age
The researcher explored the age of the participants and established the following findings according to the data collected;

Table 3.1.4: Age of the respondents

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 22 years</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>23-27 years</td>
<td>10</td>
<td>22</td>
</tr>
<tr>
<td>28- 33 years</td>
<td>18</td>
<td>40</td>
</tr>
<tr>
<td>Age Group</td>
<td>Frequency</td>
<td>Percentage</td>
</tr>
<tr>
<td>-------------------</td>
<td>-----------</td>
<td>------------</td>
</tr>
<tr>
<td>34-40 years</td>
<td>8</td>
<td>18</td>
</tr>
<tr>
<td>Above 40 years</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>45</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Study, 2017

The findings indicated that those employees below 22 years were at 9%, 23-27 at 22%, 28-33 years at 40%, 34-40 years at 18 and then those above 40 years at 11%.

### 4.1.5 Education level

There was need to establish the education level of the respondents and the collected data was presented as shown below:

**Table 4.1.5: Education level**

<table>
<thead>
<tr>
<th>Education level</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secondary Certificate</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Certificate</td>
<td>8</td>
<td>18</td>
</tr>
<tr>
<td>Diploma</td>
<td>14</td>
<td>31</td>
</tr>
<tr>
<td>Bachelor’s degree</td>
<td>15</td>
<td>33</td>
</tr>
<tr>
<td>Post graduate</td>
<td>11</td>
<td>14</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>45</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Study, 2017

The results indicated that those with secondary education was at 4%, the certificate holders at 18%, diploma at 31%, the holders of bachelor’s degree at 33% and then 14% had post graduate education.

### 4.1.6 Duration of service of respondents

This was meant to establish the period of time an individual has worked at Kenya Literature Bureau so as to determine the experience acquired for the authentic information given.

**Table 4.1.6: Duration of service of respondents**

<table>
<thead>
<tr>
<th>Duration of service</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-2 years</td>
<td>7</td>
<td>15</td>
</tr>
<tr>
<td>3-5 years</td>
<td>24</td>
<td>53</td>
</tr>
<tr>
<td>Above 5 years</td>
<td>14</td>
<td>32</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>45</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
The findings was clear that those who had worked for 0-2 years were at 15%, 3-5 years at 53% and then finally those above 5 years were at 32%.

4.2 Direct Financial Compensation

4.2.1 Monthly constant and fixed salary

The intention was to explore the implementation of the direct financial compensation through fixed salary every month and the results presented as below;

Table 4.2.1: Monthly constant and fixed salary

<table>
<thead>
<tr>
<th>Monthly fixed compensation</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>yes</td>
<td>37</td>
<td>82</td>
</tr>
<tr>
<td>No</td>
<td>8</td>
<td>18</td>
</tr>
<tr>
<td>Total</td>
<td>45</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Study, 2017
It was established that 82% agreed that there was fixed and constant monthly salary that confirmed the existence of direct financial compensation for the services rendered. 18% did not agree to it indicating that they may be casuals paid weekly or every fortnight.

4.2.2 Salaries and wages paid on fixed date or not

The aim was to know if the paid salaries and wages are payment dates are predictable or not and if they frustrate employees due to delays.

Table 4.2.2: Salaries and wages paid on fixed date or not

<table>
<thead>
<tr>
<th>Fixed payment dates</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed pay day</td>
<td>6</td>
<td>13</td>
</tr>
<tr>
<td>Sometimes flexible</td>
<td>26</td>
<td>58</td>
</tr>
<tr>
<td>Very flexible</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td>Don’t know</td>
<td>8</td>
<td>18</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>45</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Study, 2017
Figure 4: Salaries and wages paid on fixed date or not

Source: Study, 2017

It was found out that there was the fixed date for salary and wages according 13%, pay day being flexible at 58%, being very flexible at 11% and then don’t know for 11%.

4.2.3 Sufficient salaries for retention
The researcher wanted to know if the salary and wages payment way enough to motivate employees to work for Kenya literature Bureau.

Table 4.2.3: Sufficient salaries for retention

<table>
<thead>
<tr>
<th>Sufficient Salaries</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>8</td>
<td>18</td>
</tr>
<tr>
<td>Agree</td>
<td>10</td>
<td>22</td>
</tr>
<tr>
<td>Disagree</td>
<td>20</td>
<td>44</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>7</td>
<td>16</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>45</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Study, 2017
The response from the participants was that 18% strongly agreed to the salary as sufficient to make an employee desire to work at K.L.B, 22% agreed to it while 44% did not agree and 16 strongly disagreed with it.

4.2.4 Salary and remuneration reflect work employee output

It was necessary to find out from respondents if the salary and remuneration they get reflect their skills, competence and the work output offered by employees.

Table 4.2.4: Salary and remuneration reflect work employee output

<table>
<thead>
<tr>
<th>Remuneration to employee output</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>11</td>
<td>24</td>
</tr>
<tr>
<td>Somehow</td>
<td>18</td>
<td>40</td>
</tr>
<tr>
<td>Not sure</td>
<td>6</td>
<td>13</td>
</tr>
<tr>
<td>No</td>
<td>10</td>
<td>23</td>
</tr>
<tr>
<td>Total</td>
<td><strong>45</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Study, 2017
Figure 6: Salary and remuneration reflect work employee output

Source: Study, 2017

The findings from the data collected indicated that the salaries and remuneration reflected their skills, competencies and work output according to 24%, those who thought it to relatively reflect their output at 40%, those not sure at 13% and then those who denied were at 23% they did not give any answer.

4.3 Indirect Financial Compensation

4.3.1 Other benefits offered by K.L.B

There was need to establish the availability of other benefits at K.L.B apart from the direct financial compensation and the results were presented in table 4.3.1;

Table 4.3.1 :Other benefits offered by K.L.B

<table>
<thead>
<tr>
<th>Other benefits</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>41</td>
<td>91</td>
</tr>
<tr>
<td>No</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>45</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Study, 2017
Figure 7: Other benefits offered by K.L.B

It was very clear that other benefits exist at Kenya Literature Bureau apart from the direct financial compensation since 91% approved that. This clearly shows that the indirect financial compensation is offered.

4.3.2 Indirect Financial compensation impact on employee productivity

The research was interested in knowing the impact of indirect financial benefits on the morale and productivity of employees.

Table 4.3.2: Indirect Financial compensation impact on employee productivity

<table>
<thead>
<tr>
<th>Impact of indirect financial</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great impact</td>
<td>18</td>
<td>40</td>
</tr>
<tr>
<td>Normal impact</td>
<td>15</td>
<td>33</td>
</tr>
<tr>
<td>Less impact</td>
<td>10</td>
<td>22</td>
</tr>
<tr>
<td>No impact</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>45</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Study, 2017
Figure 8: Indirect Financial compensation impact on employee productivity

Source: Study, 2017

The indirect benefits like health insurance, paid leave etc. have great impact on the morale and productivity of employees as of 40% of the respondents, 33% termed it to have normal impact, 22 for less impact and then 5 for no impact on financial compensation.

4.3.3 Company concern on employee personal needs

It was necessary to establish the is the company was concerned with the personal needs of employees and the response was presented as below;

Table 4.3.3: Company concern on employee personal needs

<table>
<thead>
<tr>
<th>Company on employee needs</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Agree</td>
<td>8</td>
<td>18</td>
</tr>
<tr>
<td>Disagree</td>
<td>28</td>
<td>62</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>6</td>
<td>13</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>45</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Study, 2017
Figure 9: Company concern on employee personal needs

Source: Study, 2017

It was established that the company is not concerned with the personal needs of employees such as child care services, domestic partner benefits etc according to 62% who disagreed, 18% agreed, 13% strongly disagreed and 6% strongly agreed.

4.3.4 Benefits administered fairly on competence

The aim was to know how the company administered the benefits based on competence and work output. The results were tabulated in table 4.3.4;

Table 4.3.4: Benefits administered fairly on competence

<table>
<thead>
<tr>
<th>Benefits administration</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>6</td>
<td>13</td>
</tr>
<tr>
<td>Sometimes</td>
<td>15</td>
<td>33</td>
</tr>
<tr>
<td>Rarely</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>No</td>
<td>22</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>45</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Study, 2017
Figure 10: Benefits administered fairly on competence

Source: Study, 2017

It was noted that the company did not administer fair benefits to its employees in regard to competence and work output as of 50%, sometimes fairly administered at 33%, agreed to fair administration at 13% and rarely administered at 4%.

4.4 Non-financial compensation

4.4.1 Non-financial compensation offered at K.L.B

The researcher wanted to know if non-financial compensation like flexible work schedule and job sharing was offered at K.L.B and the results were presented as below;

Table 5: Non-financial compensation offered at K.L.B

<table>
<thead>
<tr>
<th>Non-financial offered</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>39</td>
<td>87</td>
</tr>
<tr>
<td>No</td>
<td>6</td>
<td>13</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>45</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Study, 2017
The results showed that non-financial compensation like flexible job schedule and job sharing was being offered at Kenya Literature Bureau according to 87%, the remaining 13% did not agree.

4.4.2 Working environment to employee productivity

The intention of the researcher was to explore how working condition as a non-financial compensation determines the productivity of employees.

Table 4.4.2: Working environment to employee productivity

<table>
<thead>
<tr>
<th>Working environment</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>16</td>
<td>35</td>
</tr>
<tr>
<td>Agree</td>
<td>22</td>
<td>49</td>
</tr>
<tr>
<td>Disagree</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>45</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Study, 2017
It was noted that working environment like seating, lighting, noise, recognition and promotion determines the productivity of employees according to 35% who strongly agreed, 49% agreed, 11% disagreed and 5% strongly disagreed.

4.4.3 Employee recognition to employee productivity
There was need to know how employee recognition ensure productivity of employees and the data collected was presented as below;

Table 4.4.3: Employee recognition to employee productivity

<table>
<thead>
<tr>
<th>Employee recognition</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>14</td>
<td>31</td>
</tr>
<tr>
<td>Somehow</td>
<td>20</td>
<td>45</td>
</tr>
<tr>
<td>Not sure</td>
<td>6</td>
<td>13</td>
</tr>
<tr>
<td>No</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>45</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Study, 2017
From the respondents 31% clearly agreed that employee recognition through giving of shopping vouchers, praise dinners and trophies ensured the productivity of employees, 45% termed it as somehow, 13% were not sure while 11 did not agree.

4.5 Total Reward

4.5.1 Employee relationship on productivity

This was to sort the relevance of the relationship between top management and organizational employees on the productivity of employees.

Table 4.5.1: Employee relationship on productivity

<table>
<thead>
<tr>
<th>Employee relationship</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>36</td>
<td>80</td>
</tr>
<tr>
<td>No</td>
<td>9</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>45</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Study, 2017
The relationship between employees and top management determines the productivity of employees according to 80% of the respondents while 20% did not agree.

4.5.2 Impact of mixing financial and non-financial compensation

The research sorts to explore the impact of mixing financial and non-financial reward in employee compensation and the results were tabulated.

Table 6: Impact of mixing financial and non-financial compensation

<table>
<thead>
<tr>
<th>Impact of financial and non-financial</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great impact</td>
<td>23</td>
<td>51</td>
</tr>
<tr>
<td>Normal impact</td>
<td>10</td>
<td>22</td>
</tr>
<tr>
<td>Less impact</td>
<td>8</td>
<td>18</td>
</tr>
<tr>
<td>No impact</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>45</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Study, 2017
It was noted 51% of the respondents agreed to the mix both financial and non-financial reward when compensating has great impact on employee productivity, 22% for normal impact, 18% for less impact and then 9% for no impact.

4.5.3 Impact of employee involvement in total strategy design strategy

It was necessary for the researcher to explore the impact of employee involvement in the design of the total reward strategy on the influence of the performance of employees.

Table 4.5.3: Impact of employee involvement in total strategy design strategy

<table>
<thead>
<tr>
<th>Employee involvement</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>32</td>
<td>71</td>
</tr>
<tr>
<td>Somehow</td>
<td>7</td>
<td>15</td>
</tr>
<tr>
<td>Not sure</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>45</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Study, 2017
Figure 16: Impact of employee involvement in total strategy design strategy

Source: Study, 2017

It was very evident from the respondents that involving employees in design of total reward strategy is very important in employee acceptance and commitment to the designed strategies that is necessary for the performance of employees since 71% affirmed this, 15% somehow, 8% were not sure and 6% denied the claim.

4.2 Limitation of the study

4.2.1 Lack of Cooperation

During the study the researcher anticipates that some of the employees will not be willing to respond to the questionnaires due to the fear that the information they divulge may be used against them. To solve this problem, the researcher will have a letter of introduction from the university which clearly indicates that the study is specifically meant for academic purposes and that the information obtained will be treated with strict confidentiality. The researcher will consequently present this letter when administering the questionnaires and similarly clarify its content whenever there will be need to.
4.2.2 Access to Information

It was difficult to access information with regard to productivity strategies by organizations such as Kenya Literature Bureau. This is due to the stiff competition in the steel industry. To solve this problem the researcher approached the management of Kenya Literature Bureau and explain that the study is being carried strictly for academic purposes and that the information provided will to be treated with utmost confidentiality. This clarification backed by the letter of introduction will convince the managers to share information needed for the success of this study.

4.3 Chapter Summary

The chapter focused on analyzing data results presentation and discussion of findings. The general objective was to determine the effects of compensation on employee productivity at Kenya Literature Bureau. Findings are presented in tables, graphs and charts.
CHAPTER FIVE

Summary, Conclusions and Recommendations

2.0 Introduction

This chapter answers the research questions by presenting the summary of the findings from the data collected conclusions from the summary and also make recommendations that emanates from the study.

5.1 Summary of findings

5.1.1 Direct financial compensation

It was clear that the organization was offering fixed and constant monthly salary as the direct financial compensation for the service rendered which stood at 82%. The dates for salary and wages were flexible according to 58% though sometimes the dates could be fixed for some months as of 13%. On the salary being sufficient to retain employees, it was noted that 60% did not agree to it while 40% agreed. Then on the salaries and remuneration reflecting the skills, competence and work output of employees, 24% agreed to having a true reflection while 40% termed it as somehow reflective but not fully.

5.1.2 Indirect financial compensation

According to 91%, indirect financial compensation like health insurance, paid leave etc existed at Kenya Literature Bureau and they had great impact at 40% and normal impact at 33% on the productivity of employees. The respondents indicated that the company was not concerned with the personal needs of employees such as child care services, domestic partners benefits according to 80% of the respondents. The company did not administer the benefits fairly to the employees
in regard to their competence and work output according to 50% though sometimes it could be fair according to 33% of the respondents.

5.1.3 Non-financial compensation

The non-financial compensation like flexible work schedule and job sharing were offered at Kenya Literature Bureau according to 87%. Respondents at 84% agreed that working environment like seating, lighting, noise, recognition and promotion determines the productivity of employees. On employee recognition through giving of shopping vouchers, praise dinners and trophies to employees to ensure productivity was termed to be effective by 31% while 40% somehow.

5.1.4 Total reward

The respondents at 80% confirmed that the relationship between top management determines the productivity of employees. The participants at 73% agreed to the mix of both financial and non-financial reward when compensating employees has great impact on the productivity of employees. Then finally respondents affirmed employee involvement in design of total reward strategy as important in facilitating employee acceptance and commitment to the designed strategy as of 71%.

5.2 Conclusion

5.2.2 Direct financial compensation

There exist fixed and constant monthly salaries with flexible dates though some months are fixed during payment. It is not very substantive to conclude that the salary being offered is not sufficient to motivate and retain employees since a considerable number termed the salary as
sufficient. There is also no conclusive position on the salaries and remuneration reflecting the skills, competence and work output offered by employees.

5.2.3 Indirect financial compensation

Indirect financial compensation like health insurance and paid leave impact on the productivity of employees. The personal needs of employees like child care services and domestic partners benefits are not taken care of by the company. Many times the company administers the benefits fairly though sometimes it does it unfairly.

5.2.4 Non-financial compensation

Non-financial compensation like flexible work schedule and job sharing are necessary. Also working environment like seating, lighting, noise, recognition and promotion are relevant in determining employee productivity. Employee recognition through giving of shopping vouchers, praise dinners and trophies to employees does not necessary ensure employee productivity.

5.2.5 Total Reward

The relationship between top management and organizational employees is relevant in determining employee productivity. The productivity of employees can be of great impact if both financial and non-financial rewards are mixed during employee compensation. It is important to involve employees in designing of total reward strategy to ensure acceptance and commitment of employees to the strategy.
5.3 Recommendations

5.3.1 Direct Financial compensation

There is need to ensure that existing fixed and constant monthly salaries have fixed dates to avoid frustrating employees due to some possible delays triggered by flexibility of dates. More studies to be explored to establish the factors will conclusively make the salary offered to employees sufficient to motivate and retain employees. Also further research on how salaries and remuneration should reflect the skills, competence and employee output.

5.3.2 Indirect financial compensation

The employers should consider taking care of the personal needs of employees like child care services and domestic partners benefits to promote productivity of employees.

The benefits administered by the company should be done fairly all the time to ensure consistency and cultivate trust from employees.

5.3.3 Non-financial compensation

Reward for employee recognition like shopping vouchers, praise dinners and trophies should not be premised on as the main motivators for employee productivity. A conducive working environment with sufficient seating space, proper lighting and due promotions should be facilitated for effective employee productivity.

5.3.4 Total reward

Organizations should consider offering employees mixed financial and non-financial compensation reward to have double impact on their productivity.
It is essential to involve workforces in the designing of total reward approach for employee ownership and engagement to the strategy during implementation
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Markham, Dow, & McKee, (2012). Disentangling the Wage-Productivity Relationship: Evidence from Select OECD Member Countries”, *International Advances in Economic Research, 8, 314 23*.


APPENDIX I: LETTER OF INTRODUCTION

Nyawa.M. Mangale

P.O Box 60, Mariakani

2nd October 2017

To:

Kenya Literature Bureau

P.O. Box 14242 – 00800, Nairobi

Dear sir/Madam:

**Request to participate in research study**

I desire to carry out an investigation on the effect of compensation on employee productivity; this is a partial fulfillment of a Bachelor’s degree programme at Management University of Africa, which I am currently doing.

The study will use Kenya Literature Bureau as the case study institution and you have been designated as one of the fortunate respondent, the conclusion will provide the organization with material necessary to help foster and uplift on the employee motivation and this will intern improve on employee productivity and reduce on negative impacts of de-motivated employees in the organization.

A questionnaire that will take approximately 20 minutes to complete is attached. Kindly note that all the information provided is strictly for this study only and will be treated with severe confidentiality, your designation will not appear anyplace in the report.
Thank you for your time and contribution

Yours sincerely

Michael Mangale Nyawa
APPENDIX II: QUESTIONNAIRE

QUESTIONNAIRE FOR EFFECTS OF COMPENSATION ON EMPLOYEE PRODUCTIVITY

Section A: Demographic Information

1. Your gender?
   Male  [ ]
   Female [ ]

2. What is your age bracket?
   Below 22 years [ ]
   23-27 years  [ ]
   28-33 years  [ ]
   34-40 years  [ ]
   Above 40 years [ ]

3. Highest level of education?
   Secondary  [ ]
   Certificate  [ ]
   Diploma  [ ]
   Bachelor’s degree  [ ]
   Post graduate degree [ ]

4. Duration of service at Kenya Literature Bureau?
   0 – 2 years  [ ]
   3-5 years  [ ]
Section B: Direct Financial Compensation

5. Does your organization have constant and fixed salary every month?

   Yes [ ]
   No [ ]

6. Are the wages and salaries paid on the set date or it’s flexible to sometimes resulting in critical delays?

   Fixed pay day [ ]
   Sometimes flexible [ ]
   Very flexible [ ]
   Don’t know [ ]

7. Do you agree that the basic pay is sufficient to make one desire working for Kenya Literature Bureau?

   Strongly agree [ ]
   Agree [ ]
   Disagree [ ]
   Strongly disagree [ ]

8. Does the salary and remuneration paid reflect the skills, competence and the work output offered by an employee?

   Yes [ ]
   Somehow [ ]

Above 5 years [ ]
Section C: Indirect Financial Compensation

9. Is there any other benefits offered by Kenya Literature Bureau apart from salary and wages?
   Yes [ ]
   No [ ]

10. The other possible benefits apart from salary and wages are things like health insurance, paid leave etc. Does the mentioned benefits have any impact on the morale and productivity of an employee?
    Great impact [ ]
    Normal impact [ ]
    Less impact [ ]
    No impact [ ]

11. Do you agree that the company is concerned about the personal needs of employees such as child care services, domestic partner benefits etc?
    Strongly agree [ ]
    Agree [ ]
    Disagree [ ]
    Strongly disagree [ ]

12. Does the benefits provided by the company administered fairly according to the competence and work output of an individual?
    Yes [ ]
Section D: Non-Financial Compensation

13. Job design in terms of job rotation, flexible work schedule and job sharing is part of the non-financial compensation. Does it happen at Kenya Literature Bureau?

Yes [ ]

No [ ]

14. Better working environment like seating, lighting, noise, praise, recognition and promotions determines employee productivity. Do you agree?

Strongly agree [ ]

Agree [ ]

Disagree [ ]

Strongly disagree [ ]

15. Career development opportunities offered by management affect employee morale and productivity. To what extent do you think it affects employee productivity and morale?

Great extent [ ]

Normal extent [ ]

Little extent [ ]

No effect [ ]

16. Does employee recognition through giving of shopping vouchers, praise dinners and trophies etc ensure employee productivity?

Yes
Section E: Total reward

17. Does the relationship between the top management and organizational employees determine the productivity of employees?

Yes [ ]
No [ ]

18. What could be the impact of mixing the financial and non-financial reward when compensating employees?

Great impact
Normal impact
Less impact
No impact

19. Employee involvement in the design of total reward strategy is important for employee acceptance and commitment to implementation of the strategies. Does it influence the performance of employees?

Yes [ ]
Somehow [ ]
Not sure [ ]
No [ ]